



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



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Comptroller

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April 13, 2009

Sister John Miller, Executive Director  
St. Elizabeth's Adult Day Care Center  
3401 Arsenal  
St. Louis, MO 63118

RE: Community Development Block Grant (CDBG)  
(Project #2009-CDA21)

Dear Sister Miller:

Enclosed is a report of the fiscal monitoring review of the St. Elizabeth's Adult Day Care Center, a not-for-profit organization, CDBG Program, for the period January 1, 2008, through June 30, 2008. The scope of a fiscal monitoring review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of St. Elizabeth's Adult Day Care Center. Our fieldwork was completed on August 14, 2008.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the City of St. Louis, Community Development Administration (CDA) to provide fiscal monitoring to all federal grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Sincerely,

Dr. Kenneth M. Stone, CPA  
Internal Audit Executive

Enclosure

cc: Lorna Alexander, Special Assistant for Development, CDA  
Jill Claybour, Acting Executive Director, CDA



# CITY OF ST. LOUIS

**COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

**ST. ELIZABETH'S ADULT DAY CARE CENTER  
CONTRACT #08-12-43  
CFDA #14.218**

**FISCAL MONITORING REVIEW  
JANUARY 1, 2006 THROUGH JUNE 30, 2008**

**PROJECT #2009-CDA21**

**DATE ISSUED: APRIL 13, 2009**

**Prepared by:  
The Internal Audit Section**



# OFFICE OF THE COMPTROLLER

**HONORABLE DARELENE GREEN, COMPTROLLER**

**CITY OF ST. LOUIS  
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
ST. ELIZABETH'S ADULT DAY CARE CENTER  
FISCAL MONITORING REVIEW  
JANUARY 1, 2008 THROUGH JUNE 30, 2008**

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## **INTRODUCTION**

### **Background**

**Contract Name:** St. Elizabeth's Adult Day Care Program

**Contract Number:** 08-12-43

**CFDA Number:** 14.218

**Contract Period:** January 1, 2008 through June 30, 2008

**Contract Amount:** \$18,000

This contract provided Community Development Block Grant (CDBG) funds to St. Elizabeth's Adult Day Care Center (Agency) for assistance in providing day care for the elderly and impaired in a community setting.

### **Purpose**

The purpose of the review was to determine the Agency's compliance with federal, state and local CDBG requirements for the period January 1, 2008, through June 30, 2008, and make recommendations for improvements as necessary.

### **Scope and Methodology**

Inquiries were made regarding the Agency's internal controls relating to the grants administered by Community Development Administration (CDA), evidence tested supporting the reports the Agency submitted to CDA and other procedures performed as considered necessary. Our fieldwork was completed on August 14, 2008.

### **Exit Conference**

The Agency was offered an opportunity for an exit conference on April 1, 2009, but it was declined.

### **Management's Responses**

Management's responses to the observations and recommendations noted in the report were received on April 10, 2009, and have been incorporated into this report.

## **SUMMARY OF OBSERVATIONS**

### **Conclusion**

The Agency did not fully comply with federal, state and local CDA requirements.

### **Status of Prior Observations**

The Agency's previous fiscal monitoring report dated December 18, 2007, noted no observations.

### **A-133 Status**

According to a letter received from the Agency dated July 31, 2008, it did not expend \$500,000 or more in federal funds in its fiscal year ended June 30, 2008, and was not required to have an A-133 audit.

### **Summary of Current Observations**

Recommendations are made for the following observations, which if implemented, could assist the Agency in fully complying with federal, state and local CDBG requirements.

1. Opportunity to report program income to CDA
2. Opportunity to meet program objective

**DETAILED OBSERVATIONS, RECOMMENDATIONS  
AND MANAGEMENT'S RESPONSES**

**1. Opportunity to Report Program Income to CDA**

Contract #08-12-43, page 5, states, "Any and all program income generated by the Operating Agency shall be returned to the City under procedures established by the City of St. Louis Community Development Administration Operating Agency Fiscal Procedures Manual unless special conditions of the contract are explicitly amended to the contrary."

The Agency is charging its participants up to \$61 per day. The itemization of the daily charges is as follows: \$38 day care service, \$12 two-way transportation service, and \$21 bathing service. These services charged to self-paying participants totaled \$261,847.90 on the Agency's income statement for the period of July 2007, through March 2008. None of the program income is being reported and remitted to the City of St. Louis as required by the contract agreement.

The agency is not in compliance with the requirements of the contract agreement's requirement regarding the treatment of sub recipient's program income and could result in the termination of its contract agreement with CDA.

**Recommendation**

It is recommended that the Agency discuss the program income issue with CDA to determine whether it should be reported and/or remitted to CDA.

**Management's Response**

*...In response to the recommendation, we have spoken to CDA and once again they reiterated the fact that our income only need be reported on the original RFP...*

**Auditor's Comment**

It is recommended that the Agency obtain a letter from CDA regarding this issue.

## **DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES**

### **2. Opportunity to Meet Program Objective**

The program objective #1 in Part B, page B-2 of the Contract #08-12-43, states that the Agency will provide a safe stimulating environment for 65 elderly/impaired participants per day during the period of the contract.

In the month of March 2008, the Agency only averaged 24.2 participants per day. This is substantially less than the goal of 65.

The Agency is not fulfilling the program objective #1 of its CDBG contract with CDA. Non-compliance with the requirements of the contract could result in the suspension or termination of its contract with CDA.

#### **Recommendation**

It is recommended that the Agency discuss modifying the program objectives of its CDBG contract with CDA.

#### **Management's Response**

*... This is an error in the original contract. What it should read is "65 unduplicated persons per year." With only one center licensed for 36 people per day, we could not possibly provide care for 65 people per day.*

#### **Auditor's Comment**

It is recommended that the Agency review the contents in the CDA contract prior to signing the agreement to ensure that only attainable goals are listed in the work program. In addition, the Agency request CDA for an amendment to the contract agreement.